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EXCHANGES OR SALES AUTHORIZED BY THE
INDEPENDENT OFFICES APPROPRIATION ACT

I. GENERAL:

- A. The following provision appears in the Independent Offices Appropriation Act for 1946:

"Sec. 204. In purchasing motor-propelled or animal-drawn vehicles or tractors, or road, agricultural, manufacturing, or laboratory equipment, or boats, or parts, accessories, tires, or equipment thereof, the head of any executive department or independent establishment or his duly authorized representative may exchange or sell similar items and apply the exchange allowances or proceeds of sales in such cases in whole or part payment therefor: Provided, that any transaction carried out under the authority of this section shall be evidenced in writing:

- II. ENFORCEMENT: Measures must be taken to insure that the provision, "any transaction carried out under the authority of this section shall be evidenced in writing", is carried into effect.

- A. Examination of Obligating Documents and Vouchers:

1. Purchase orders involving a trade-in allowance or cash offer for the exchange or sale of items similar to those being purchased (the exchange or sale and the purchase to be simultaneous) will include an item specifying the amount of trade-in allowance or cash offer. Such item on the purchase order, as well as on the subsequent voucher, and Schedule of Collections, if cash collection is involved, will constitute the evidence in writing required by the provision of Section 204 quoted above.
2. Where the purchase involves two separate transactions, that is, the sale of old equipment and the purchase of new equipment, there will be attached to each copy of the file covering the first of the two transactions a copy of a memorandum to the effect that the purchase or sale was made under the provisions of the legislation quoted above. Such a memorandum will include a complete statement of facts. Extra copies will be made of the memorandum and retained with the Voucher Examination copy of the file covering the first transaction pending receipt of documents covering the second transaction. The extra copies will be attached to the file covering the second transaction. In addition, if the second transaction is the voucher covering payment of the purchase, a reference will be made on such voucher to the Schedule of Collections on which the amount of the sale was scheduled; or if the second transaction is the scheduling of the collection of the amount of the sale, a reference will be made on such Schedule of Collections to the voucher in payment of the purchase.

II. A. (Cont.)

3. Obligation documents and vouchers indicating that the purchase involved the exchange or sale of items under the authority contained in the above quoted legislation but bearing no explanation or statement of facts will be returned to the procuring officer for a statement of facts in order that the proper notations, cross references and memorandums may be prepared.